

(800) 473-6757



Call our
MOSTARS
Information
Center

to speak with trained staff members about any article published in this newsletter, as well as to obtain free information about the state and federal student financial assistance programs.

(573) 751-3940

June 1999



Missouri Student Assistance Resource Services

MOSTARS is a division of the Missouri Department of Higher Education



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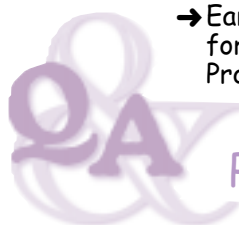
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- MSLP Eligible Lender List Changes



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- Earliest Disbursement Dates for Summer Terms; Verification; Proration; Dual Enrollment

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Julie Sandbothe
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This portion of the **MOSTARS** newsletter includes questions and answers regarding various topics brought to our attention by MOSTARS clients.

If you happen to see one of your questions published, you should give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, please feel free to contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in future issues of **MOSTARS**. ★

The school is standard term; summer is a trailer. The school receives disbursements via electronic funds transfer (EFT). What is the earliest disbursement date for a summer-term only loan?

Summer-term disbursements follow the same regulations as other terms (fall, spring, winter). Since it is a single-term loan at a standard-term school, the payment period is the entire loan period. Therefore, the earliest disbursement date for EFT disbursements is 13 days before the first day of the payment period. (For paper check disbursements, the earliest date would be 30 days before the first day of the payment period.) This is assuming that the borrower is not subject to delayed delivery requirements. If the borrower is subject to delayed delivery, the earliest disbursement date would be the 28th day of the payment period (or the first day of the payment period if disbursed via paper check). Since the loan period only consists of one payment period, the earliest date the second disbursement can be delivered is the calendar midpoint of the loan period.

Common Manual subsection 6.2.A.

A student is enrolled simultaneously in undergraduate and graduate programs. The student is taking two undergraduate courses, and the remaining classes are graduate level. Can the school certify a spring loan at the graduate level?

Graduate loan limits apply when a student has been admitted as a degree candidate in a graduate program and is taking enough courses to be considered at least half-time at the graduate level. The regulatory definition of a graduate student states that for the period of enrollment the student must: (1) be enrolled in a program above the baccalaureate level; (2) have completed at least three academic years of full-time study either before entrance into the program or as part of the program itself; and (3) not be receiving aid under any Title IV program as an undergraduate student for the same period of enrollment.

34 CFR 682.200(b)
1998-99 Student Financial Aid Handbook, Chapter 2, page 8

A student was selected for verification for the 1998-99 award year. The school certified a fall/spring loan. The student did not complete the verification process, and the school returned the first and second disbursements. The student withdrew from school during the spring term. The student has now submitted the required verification documentation completing the verification process. Can the student receive any proceeds from the loan?

The student is not eligible for the first disbursement because, according to MSLP policy, a reissue of the disbursement was not requested by the school within 120 days of the original disbursement date. According to the late disbursement requirements, the student is not eligible for the second disbursement of the loan because the student did not successfully complete the period of enrollment for which the loan was intended.

Common Manual, Appendix C, page 8
Common Manual, subsection 6.2.H.

An independent student would like to borrow a fall-only loan for taking 9 hours in his last semester. The school's academic year is 24 credit hours. The student is at grade level two. Can the school certify the full \$3,500 subsidized Federal Stafford Loan, or does the loan amount need to be prorated?

Since this is the student's final period of enrollment, the loan must be prorated. To calculate the proration, the school must take the number of credit hours that the student will complete during the period and divide that by the number of credit hours in the school's academic year. The school must then multiply the result by the appropriate base Stafford annual loan limit.

Example: 11 hours taken
 ÷ 24 hours in the academic year
 0.45
 X \$3,500 (base Stafford annual loan limit)
 \$1,800 loan eligibility

1998-99 Student Financial Aid Handbook, Chapter 10, pages 24 & 25



Guaranty Bank & Trust*
804657-50
Kansas City, KS

**This lender will participate only with the ATOM EFT schools.*

For Your Convenience



An information box indicating subject matter accompanies each article in this newsletter. This box also contains an identifiable icon, the name of the article's contact person (where applicable), his or her phone number, and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

USER ID?cbhe400@admin.mocbhe.gov

Please remember, you can also contact our MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 with any questions.

GuaranTec releases latest version of CLIPS for windows

The latest CLIPS for Windows (version 2.0) software package was released to MSLP clients Friday, April 30. This version was upgraded to allow for processing of non-serial Master Promissory Note applications for Missouri guarantee. It was also upgraded to a 32-bit application in order to be Windows 98 and Windows NT compatible.

With this release, GuaranTec, the MSLP servicer, employed a new method of software distribution for CLIPS for Windows. Clients had the option of either downloading the software from the GuaranTec web site (www.guarantec.com) or clients could contact the GuaranTec PC Services Help Desk and request an installation CD sent overnight mail. Due to the size of the installation package, GuaranTec will no longer be able to produce the installation package on floppy disk.

MSLP clients currently using the CLIPS for Windows software received a letter explaining the new release along with instructions on how to download the software from the web page. These clients were asked to convert to release 2.0 by May 28, 1999 as GuaranTec will no longer support the previous versions.

Clients should contact either Keith Broadus at (573) 526-0876 or the GuaranTec PC Services Help Desk at (800) 535-4357 if they have any questions regarding this latest release. ★



FFELP News

Keith Broadus
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kbroadus

TIAA-CREF to manage the Missouri Higher Education Savings Program

Missouri State Treasurer Bob Holden announced recently that TIAA-CREF, one of the nation's largest financial services companies, has been selected to manage the new Missouri Higher Education Savings Program. In addition to managing the Missouri Higher Education Savings Program, TIAA-CREF currently manages higher education savings programs in California, Kentucky, New York, and Vermont. TIAA-CREF was selected by the governing board for the Missouri Higher Education Savings Program, which includes Bob Holden, state treasurer, and Dr. Kala M. Stroup, commissioner of higher education.

The Missouri Higher Education Savings Program was created in 1998 by the Missouri General Assembly and signed into law by Governor Mel Carnahan. The program encourages participants to save for higher education expenses by offering a combination of federal and state tax incentives. Beginning with the 1999 tax year, Missouri taxpayers may subtract up to \$8,000 annually from their state adjusted gross income for contributions to a savings program account. Earnings on the contributions are exempt from state taxation if used to pay for qualified higher education expenses. Federal income taxes on the account earnings are deferred until distributions are made, and then are taxed at the student's tax rate.

Anyone, including family, friends, and employers, may establish an account and make contributions for a student's benefit. Participants are not required to be Missouri residents, and an account may be opened for as little as \$25. Funds in the account may be used to pay for qualified higher education expenses at any eligible educational institution in the United States. Qualified higher education expenses generally include tuition, fees, room, board, textbooks, supplies, and equipment needed to attend school. If the student beneficiary decides not to attend a postsecondary institution, the funds can be rolled over into another beneficiary's name. TIAA-CREF will begin establishing participant accounts and accepting deposits in August of this year.

Additional information about the Missouri Higher Education Savings Program is available by calling toll-free at (888) 414-MOST (6678). ★

State Program News



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MOSTARS finalizes GEAR UP state grant application



Shane Conterez
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GEAR UP is one of the most exciting programs to emerge from the Higher Education Amendments of 1998, signed by President Clinton on October 7, 1998. In order to encourage low-income students to become better prepared academically and financially for success in college, state agencies and partnerships comprised of colleges, school districts, businesses, and community-based organizations may apply for competitive GEAR UP grants.

Governor Mel Carnahan designated the Missouri Department of Higher Education as the single applicant responsible for applying the state GEAR UP grant. On April 30, MOSTARS Director Karen Misjak finalized Missouri's grant application for a \$5 million, five-year grant known as GEAR UP Missouri. This grant plans to target approximately 40 middle and high schools across the state and focus on lowering dropout rates, increasing graduation rates, and increasing college attendance.

In addition to the GEAR UP state grant, MOSTARS also acknowledged several partnership grants:

- St. Louis: In-GEAR for Careers – INC!
- Southeastern Missouri: Southeast Missouri State University Partnership
- Three Rivers Community College Partnership
- Mid-Missouri: Connections (William Woods Partnership focusing on Fulton middle school)
- PEAK Program (University of Missouri – Columbia Partnership targeting Kansas City middle school)

- Southwestern Missouri: Southwest Missouri State University Partnership
- Kansas City: University of Missouri – Kansas City Partnership
- Kansas City School District Partnership
- Northwestern Missouri: Opportunity Access (St. Joseph Partnership)

GEAR UP intends to provide an ongoing process that will enable students and families to learn about and plan for college over a period of years – most targeted groups in Missouri will begin receiving services no later than the 7th grade. Distinguishable from other existing outreach and early awareness programs, GEAR UP offers a comprehensive systemic approach that involves students, families, K-12 schools, and postsecondary institutions within a family's neighborhood.

The Missouri GEAR UP grant proposals offer a special opportunity to enhance postsecondary access for students regardless of their economic, racial, ethnic, or cultural background, their English proficiency, or their learning or physical disabilities. Results of GEAR UP projects will include stronger schools, solidly prepared teachers and counselors, informed parents, and increased college attendance among Missouri's communities with most need. It is anticipated that recipients of the Gear Up grants will be announced by the U.S. Department of Education at the end of July 1999. ★

GuaranTec revises proprietary file layout

The MSLP servicer, GuaranTec, has made modifications to its proprietary 1360 record layout. These changes were made to accommodate additional data needed for Master Promissory Note processing. Subsequently, GuaranTec has also revised its list of application reject codes to accommodate MPN-related application rejects.

GuaranTec staff mailed the new version of the proprietary file to MSLP clients who use the file in non-CLIPS guarantee processes. If you would like a copy of either the new file layout or the revised reject code list, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★



FFELP
News
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Bridge Scholarship Program Update

The 1999 Missouri General Assembly conference committee agreed to a phase-out plan for the Bridge Scholarship Program. As a result, only \$2.2 million has been appropriated for the program during the 1999-2000 academic year. The remaining \$2.7 million of the original \$4.9 million appropriation request for the Bridge Program was moved to the new Missouri College Guarantee Program.

Only renewal students in their second year of postsecondary education will be considered for Bridge Scholarship awards in 1999-2000. There will not be any new awards to first-time recipients; therefore, the 1999-2000 academic year is

planned to be the last year of the Bridge Scholarship Program.

As a result of this action, a number of schools, which have been estimating Bridge awards in their 1999-2000 award letters, requested some standard language that could be used by institutions to advise students why a number of estimated Bridge awards will not be available. To obtain this language, or any other information regarding the phase-out plans, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

**State
Program
News**



Dan Peterson
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User ID: danp

**State
Program
News**



Dan Peterson
(573) 751-2361
USER ID: danp

Missouri College Guarantee Program administrative rule update

At the June 10, 1999 Coordinating Board for Higher Education (CBHE) meeting, the Board authorized the Commissioner of Higher Education to file the proposed Administrative Rule, 6 CSR 10-2.150, for the Missouri College Guarantee Program with the Secretary of State for the required 30-day public comment period.

The schedule for filing the Missouri College Guarantee Program administrative rule will be finalized in June. Once the proposed rule is filed with the secretary of state, the rule will be distributed so that approved institutions have an opportunity to comment. It is anticipated that funding will be available for the 1999-2000 academic year; therefore, we are continuing to move forward with the implementation process. ★

Advantage Missouri Program application/contract and related materials have been distributed, along with a final list of designated academic programs, to all approved Missouri postsecondary institutions. If your institution did not receive this information, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. ★

State Student Financial Assistance Programs Appropriations



Dan Peterson
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User ID: danp

Following is a comparison of the actual state grant and scholarship program appropriations from the 1998-99 academic year and the appropriations truly agreed to and finally passed by the 1999 Missouri General Assembly for the 1999-2000 academic year. Pending signature of next year's state appropriations bill by Governor Mel Carnahan, the amounts passed by the Missouri General Assembly will be available for student awards in 1999-2000.

	1998-99 Actual Appropriation	1999-2000 CBHE Request	1999-2000 Governor's Recommendation	1999-2000 Missouri General Assembly Finally Passed
Grant & Scholarship Administration	\$292,840	\$601,728	\$535,890	\$480,890
"Bright Flight" Scholarship Program	\$14,839,000	\$15,637,000	\$15,637,000	\$15,637,000
Charles Gallagher Student Financial Assistance Program (formerly the Missouri Student Grant Program)				
General Revenue	\$14,527,878	\$15,181,633	\$14,818,436	\$15,328,436
Federal – LEAP (formerly SSIG)	\$1,000,000 *	\$1,000,000	\$1,000,000	\$1,000,000 **
Grant Program Gift Fund (MOHELA)	\$50,000	\$50,000	\$50,000	\$50,000
Bridge Scholarship Program	\$4,900,000	\$4,900,000	\$4,845,000	\$2,200,000
Marguerite Ross-Barnett Memorial Scholarship Program	\$400,000	\$500,000	\$400,000	\$500,000
Advantage Missouri Program	-0-	\$3,000,000	\$2,930,969	\$2,930,969
Missouri College Guarantee Program	-0-	\$3,000,000	\$7,387,673	\$4,000,000
Public Service Survivor Grant Program	\$22,000	\$35,000	\$35,000	\$45,000
Vietnam Veterans Scholarship Program	1	1	1	\$15,000
Federal Paul Douglas Teacher Scholarship Program (estimated)	1	1	1	1
Higher Education Scholarship Program (estimated)	1	1	1	1
Total General Revenue	\$34,979,721	\$42,855,364	\$46,589,971	\$41,137,297
Total Other	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000
GRAND TOTAL	\$36,029,721	\$43,905,364	\$47,639,971	\$42,187,297

* Actual SSIG funds received were \$504,759

** Actual Leveraging Educational Assistance Partnership (LEAP – formerly SSIG) program funds to be received are \$502,488.

The MSLP introduces new transaction options



FFELP News

Keith Broadus
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USER ID: kbroadus

Beginning June 14, the Missouri Student Loan Program will provide new loan transaction options to its clients. These new options will give clients greater flexibility in adjusting loan amounts and will ease administrative burden.

MSLP clients will be able to process loan period changes, grade level changes, anticipated graduation date changes, reallocate funds between loans guaranteed on the same promissory note or MPN School Certification Form, and increase a single loan up to the borrower's requested loan amount. Schools and lenders will be able to submit these transactions electronically via the CLIPS software products or other student loan processing software. Clients who do not employ electronic loan processing can request changes to loans via a Loan Change Form that will be distributed to clients.

Addendums to the MOSTARS School Training Guide and the MOSTARS Lender Training Guide will outline the following:

- business rules for these transactions, and
- procedures on how to submit these transactions for Automated Transfer of Money (ATOM) processing.

To request updates of the MOSTARS School and Lender Training Guides, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. If you have questions regarding these new transaction options, please contact Keith Broadus at (573) 526-0876 or contact your MOSTARS client service representative. ★

New discharge application forms

The U.S. Department of Education has approved new loan application discharge/cancellation forms. The application forms are used to determine borrower eligibility for discharge or cancellation of Federal Family Education Loan Program and William D. Ford Federal Direct Loan Program loans. The forms pertain to discharge or cancellation of a loan for the following reasons:

- inability of a student to complete the program of study in which

the student was enrolled due to the school's closure

- false certification by the school of a student's ability to benefit
- disqualifying status or condition of the student
- unauthorized signature/endorsement or unauthorized payment by the school
- total and permanent disability of the borrower

These new forms may be used now and must be sent to possibly qualifying borrowers on or after August 1, 1999. The

current forms may still be processed after that date if they have already been sent to the borrower. The Missouri Student Loan Program (MSLP) will provide forms for lenders upon request. Please contact the compliance staff or the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 to request copies of the forms. ★



FFELP News
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Changes to the Eligible Lender List

For those clients who utilize the MSLP Combined Eligible Lender List, please make note of the following changes. New lists are printed upon request so your list may already have these changes. Please refer to the effective date of the changes and compare them to the date listed at the bottom left-hand corner of your list to determine whether or not you should pencil in these changes.

Additions

Bank of Waverly c/o MOHELA, OE 826147-50

Participation Categories: IDEALoanSM, ATOM, Sub, Sub Pre, Unsub, Unsub Pre, PLUS, PLUS Pre
Added April 15, 1999

Guaranty Bank and Trust, OE 804657-00

Participation Categories: Sub, Sub Pre, Unsub, PLUS
Added April 29, 1999

Wilmington Trust Co., Trustee SLMA Ed Trust, OE 802218-00

Participation Categories: Sub, Unsub, PLUS
Added April 7, 1999

Changes

Chemical Bank, OE 813964-00

New FICE Code: 829140-00
New FICE Lender Name: First Community Bank-Windsor c/o MOHELA
Participation Categories: IDEALoanSM, Sub, Sub Pre, Unsub, Unsub Pre, PLUS, PLUS Pre
Changes made April 16, 1999

First Bank, OE 822046-00

New FICE Code: 822046-50
New FICE Lender Name: First Bank
Add ATOM and IDEALoanSM to existing participation categories
Changes made April 21, 1999

First Bank of St. Francois County, OE 813958-00

Change FICE Code to: 822046-50
Add ATOM and IDEALoanSM to existing participation categories
Changes made April 21, 1999

First Bank of St. Francois County, OE 806748-00

Change FICE Code to: 822046-50
Add ATOM and IDEALoanSM to existing participation categories
Changes made April 21, 1999

Norwest Student Loan Center, OE 832384-00 & -50

New Name: Wells Fargo Education Financial Services
Changes made April 15, 1999

Star Bank NA as Trustee for SELMC c/o UNIPAC, OE 833505-00

New Name: Firststar Bank NA Trustee for SELMC c/o UNIPAC
Change made April 27, 1999

Participation Lists



CariAnne Cutshall
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(573) 751-3940
USER ID: ccutshal

For immediate client access, we have added this list to the MOSTARS website at www.mocbhe.gov/mostars/studIn2.htm. We will update the on-line list monthly with the changes published in this newsletter.

Please refer to the August 1998 FFELPfacts for more information. You may also view a sample of the list in the October 1998 issue of the MOSTARS Newsletter. ★

Deletion

Community Bank of Marshall c/o MOHELA, OE 829875-00 & -50

Removed April 15, 1999

M being the resident

Michelle, a resident of Kansas City, is delighted to have the opportunity to stay close to family and friends. She feels her new position will be challenging because of the amount of traveling required, but loves the variety associated with her work. As a people-oriented person, Michelle is very excited to be working with the public. ☆

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C

Although Richard is looking forward to moving back to Sikeston, he says he enjoyed his time here. “I really hate to leave MOSTARS. I enjoyed working here and have made a lot of friends.” The MOSTARS staff will miss Richard and wish him and his wife all the best. ☆

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, please contact our MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired may call (800) 735-2966.



Dr. Ray HenryCBHE Chairman
Dr. Kala M. Stroup.....Commissioner
of Higher Education
Karen MisjakMOSTARS Director